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TO RUEHC/SECSTATE WASHDC IMMEDIATE 3978
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 9478
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 2434
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 2966
RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 0188
RHEHNSC/NSC WASHDC IMMEDIATE
RHFMUNA/CDRUSPACOM HONOLULU HI IMMEDIATE
RUEKJCS/JOINT STAFF WASHINGTON DC IMMEDIATE
RUEKJCS/SECDEF WASHINGTON DC IMMEDIATE
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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 004749

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STATE FOR EAP, PM, AND EAP/MTS
USPACOM ALSO FOR FPA HUSO AND J5
SECDEF/OSD/ISA/AP (TOOLAN/BAILEY)
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TAGS: PREL MARR MCAP MOPS PHUM PGOV EAID KN RP

SUBJECT: ASSISTANT SECRETARY HILLEN MEETS WITH FOREIGN AND
DEFENSE SECRETARIES

REF: A. MANILA 4526
B. TOKYO 6247

Classified By: (U) Ambassador Kristie A. Kenney
for reasons 1.4(b) and (d).

¶1. (C) SUMMARY. Foreign Affairs Secretary Romulo reiterated to Assistant Secretary Hillen and Ambassador the Philippine offer to host a round of Six Party talks on the margins of the mid-December ASEAN/East Asian Summits in Cebu, if that would be helpful to the United States. Romulo is optimistic that the new Philippine government peace proposal will help resolve the roadblock in negotiations with the Moro Islamic Liberation Front. Secretary of National Defense Cruz believes that defense reform is institutionalized, pointing to the growing buy-in by junior officers and the rank-and-file. Both he and Armed Forces of the Philippines Chief of Staff General Esperon agree that in the counterterrorism fight "it's not just tanks," and are appreciative of U.S. assistance. Romulo, Cruz, and General Esperon all took a strong stand against extra-judicial killings, emphasizing that any official found to be involved would be held accountable. END SUMMARY.

OFFER OF "GOOD OFFICES" TO HOST SIX-PARTY TALKS

¶2. (C) Foreign Affairs Secretary Alberto Romulo in his November 10 meeting with Assistant Secretary Hillen and Ambassador Kenney reiterated (refs A and B) Philippine willingness to host a round of Six Party talks on the margins of the mid-December ASEAN/East Asian Summits in Cebu, if that would be helpful to the United States. Praised by Assistant Secretary Hillen and the Ambassador for his successful

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efforts to broker an ASEAN consensus statement on North Korea, Romulo said the Philippines hoped to develop more cooperative regional engagement on security issues, including proliferation security. Romulo noted Philippine efforts within APEC to improve counterterrorism cooperation, saying, "We want to use our good offices to do what we can to help." He stated that he hoped to discuss these and other issues with the Secretary during their meeting at the APEC Summit in

Hanoi. Assistant Secretary Hillen noted that the GRP's firm line on the North Korean nuclear test helped bring the DPRK back to the table for Six Party talks. He asked the GRP to encourage Indonesian and Malaysian participation in the Proliferation Security Initiative.

OPTIMISM ABOUT MILF PEACE AGREEMENT

¶ 13. (C) Romulo said the Philippines was determined to "hold the line against terrorists," pointing to its counterterrorism partnership with the United States and commitment to reforming its military. Despite delays in negotiations with the Moro Islamic Liberation Front (MILF), Romulo said the Philippine government had now "found the right formula" to resolve the central question of ancestral domain. He praised the Malaysians, Libyans, and Bruneians for their role in the International Monitoring Team and in keeping the negotiation process on track. A peace deal with the MILF would allow the Philippine government to shift resources to deal with the Communist Party of the Philippines/New People's Army (CPP/NPA) threat. Romulo said USAID's "Arms to Farms" program for ex-Moro National Liberation Front fighters in Mindanao was a "showcase" on how to re-integrate former combatants into the community, and stated he hoped a similar program could be extended to the MILF once a peace treaty was signed. Ambassador Kenney assured him that the United States stood ready to implement a package of quick disbursing assistance to help reinforce any settlement.

STRIDES IN COUNTERTERRORISM COOPERATION AND DEFENSE REFORM

¶ 14. (C) Assistant Secretary Hillen emphasized in his

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subsequent meeting with Secretary of National Defense Cruz and Armed Forces of the Philippines Chief of Staff General Esperon that the Philippines and the United States were in the fight together against terrorism. Both Assistant Secretary Hillen and Ambassador Kenney praised Cruz for his

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service as Secretary of National Defense. Cruz noted that there had been great strides in counterterrorism cooperation and Philippine Defense Reform was largely institutionalized. Cruz singled out the Security Engagement Board as a very helpful mechanism for counterterrorism cooperation, noting that it was proof of how "a good idea could trump politics."

¶ 15. (C) Cruz observed that if anyone had asked if the former terrorist stronghold of Basilan was solvable five years ago, no one would have said yes. The success there proved that a focused effort can produce results. General Esperon noted the significant impact the USNS MERCY had on the Sulu Archipelago, where it had helped change attitudes. In the counterterrorism fight, "it's not just tanks," Esperon commented. Assistant Secretary Hillen agreed, saying that in counterinsurgency, 80-percent of the effort is non-military.

¶ 16. (C) Cruz said the "Coast Watch South" maritime security concept was progressing. Although the Malaysians were somewhat reticent, the Indonesians were fully on board, and the three countries were now talking trilaterally about improving maritime security.

¶ 17. (C) Cruz thanked the United States for helping to reform the Philippine military. Operational readiness rates for aircraft, ships, and trucks were up. Financial controls and acquisition reforms were in place. The Department of National Defense was preparing to submit its second multi-year budget. The 10 key elements of the Philippine Defense Reform (PDR) program had action plans developed, including roadmaps for intelligence reform and information operations. Cruz projected that the Philippine House would

approve the new National Defense Act by the end of the year.

¶18. (C) Cruz admitted that "We need to stay focused on what we're doing," emphasizing that every AFP Chief of Staff from General Abaya through General Esperon had been committed to reform. He pointed to the 10 billion peso (\$201 million) allocation for mission essential equipment, saying that he hoped the U.S. Foreign Military Sales process could be accelerated to allow more rapid procurement.

¶19. (C) Cruz observed that young officers were realizing that PDR was their future and they could contribute to it. General Esperon commented that PDR had "caught fire" with his soldiers, who wanted more of it. They were now attributing anything good, such as combat lifesaver training and night capable helicopters, to defense reform.

COMMITMENT TO RESOLVE QUESTION OF EXTRA-JUDICIAL KILLINGS

¶10. (C) Ambassador Kenney commended Cruz for his efforts against extra-judicial killings. All allegations had to be taken seriously and investigated, she urged. Cruz strongly agreed, saying he adamantly opposed any such activity. "We have to uphold the rule of law, and not just pay lip service to it," he said. There can be no short-cuts in counterterrorism or counterinsurgency; that is the only way to strengthen democratic society. Cruz stated he had sent out a memo and talked to key commanders to emphasize that extra-judicial killings were not national policy. Any one found violating this order would be court-martialed. "I keep telling people that this is the wrong thing to do," he stated, adding, "Some (unnamed) people in government entertaining these ideas are now backtracking." General Esperon, while noting that some of the killings may have been perpetrated by the Communists themselves, emphasized the AFP's support for the Melo Commission, at which he had already testified. "It's really a matter of winning hearts and minds," Esperon said.

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¶11. (C) Secretary Romulo had separately raised the issue of extra-judicial killings unprompted. He emphasized that his government took the problem seriously, and was working to solve it. Any official found to be involved would be held accountable. Romulo noted that while the CPP/NPA was seeking to blame the government, it was "deeply involved" in the killings. Ambassador stressed that the Philippine government should pursue a thoughtful process of investigation, which held people accountable.

COMMENT

¶12. (C) Romulo is likely to raise with the Secretary his offer of "good offices" for Six Party Talks in Cebu. Cruz has proven an exceptionally able and creative Secretary of National Defense, who has been able to a large degree to institutionalize defense reform. Expedited arms sales of badly needed equipment for the Battalions of Excellence program should help get further junior officer and the rank-and-file support for reform. The Security Engagement Board and "Kapit Bisig" counterterrorism framework linked to it -- two of Cruz's most important legacies -- are paying tremendous dividends in ongoing operations on Jolo, and should continue to do so in the future, no matter who is the next Secretary of National Defense.

¶13. (U) Assistant Secretary Hillen has cleared this telegram.